

EXHIBIT 3

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK
No. 07 civ. 8718 (RMB)

-----x
SIRI DIAZ, CAROLYN SIEGEL, TALIA BUMB,
BLERTA VIKKI, DANIELLE OWIMRIN, on behalf
of themselves and all others similarly
situated,

Plaintiffs,

- against -

SCORES HOLDING COMPANY, INC.; GO WEST
ENTERTAINMENT, INC., a/k/a SCORES WEST
SIDE; and SCORES ENTERTAINMENT, INC.,
a/k/a SCORES EAST SIDE,

Defendants.

-----x

February 7, 2008

10:00 a.m.

Deposition of CURTIS SMITH,
taken by Plaintiffs, pursuant to Notice,
held at the offices of Outten & Golden
LLP, 3 Park Avenue, New York, New York,
before Jineen Pavesi, a Registered
Professional Reporter, Registered Merit
Reporter, Certified Realtime Reporter and
Notary Public of the State of New York.

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A P P E A R A N C E S :

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BY: NEIL CAPOBIANCO, ESQ.

1 SMITH

2 company Go West Entertainment?

3 A. Yes, sir.

4 Q. Can you tell me what it is.

5 A. Go West Entertainment is a
6 sublicensee of Entertainment Management
7 Services, Inc..

8 Q. What is your understanding of
9 Scores Entertainment, Inc.?

10 A. I don't have an understanding
11 of Scores Entertainment, Inc.

12 Q. Do you know who the
13 shareholders of Scores Entertainment,
14 Inc., are?

15 A. I have never come in contact
16 with Scores Entertainment, Inc.

17 Q. Do you know who the
18 shareholders of Go West Entertainment are?

19 A. Richard Goldring and Elliot
20 Osher.

21 Q. Who is Mr. Goldring?

22 A. Shareholder.

23 Q. Does he have any relationship
24 with Scores Holding Company?

25 A. Yes, he is the shareholder in

1 SMITH

2 Scores Holding Company.

3 Q. Who are the shareholders in
4 Scores Holding Company at the present?

5 A. Scores Holding Company is a
6 public company, we have many shareholders.

7 Q. Can you name the shareholders
8 of Scores Holding Company that own more
9 than 10 percent of the shares of the
10 company at present?

11 A. Richard Goldring.

12 Q. Any others?

13 A. Not to my understanding.

14 Q. What is his ownership interest
15 at the present of Scores Holding Company?

16 A. 46 percent.

17 Q. Are you familiar whether there
18 are articles of incorporation of Scores
19 Holding Company?

20 A. Yes, sir.

21 Q. Do you know where they are
22 physically maintained at present?

23 A. At our West 27th Street
24 address.

25 Q. Are there any other officers of

1 SMITH

2 Scores Holding Company at the present?

3 A. Yes, there is a secretary; do
4 you consider a president an officer?

5 Q. Yes.

6 A. President.

7 Q. That would be a president
8 separate from the CEO?

9 A. Yes.

10 Q. Who is the president of Scores
11 Holding Company?

12 A. John Neilson.

13 Q. How long has Mr. Neilson been
14 president of Scores Holding Company?

15 A. Probably less than six months,
16 about six months or so.

17 Q. Prior to that, did Scores
18 Holding Company have a president?

19 A. Richard Goldring.

20 Q. Was there any arrangement
21 whereby Scores Entertainment, Inc., makes
22 payments to Scores Holding Company?

23 A. No, sir.

24 Q. Is there a licensing
25 arrangement between Scores Holding Company

1 SMITH

2 and Scores Entertainment, Inc.?

3 A. No, sir.

4 Q. To your knowledge, there is no
5 relationship whatsoever between Scores
6 Holding Company and Scores Entertainment,
7 Inc.?

8 A. No, sir.

9 Entertainment, Inc.?

10 Q. Sorry?

11 A. Scores Holding and Scores
12 Entertainment?

13 Q. Right.

14 A. No.

15 Q. Is that true for the present?

16 A. There isn't any relationship
17 between Scores Holding Company and Scores
18 Entertainment, Inc.

19 Q. Let me ask you a series of
20 questions that relate back to the start of
21 the six-year liability period, from the
22 date the lawsuit we're here to discuss
23 commenced.

24 So roughly speaking, sometime
25 in January of 2002 to present, has there

1. SMITH

2 been any business dealings or business
3 relationships between Scores Holding
4 Company and Scores Entertainment, Inc.?

5 A. Can you repeat the dates.

6 Q. Last six years roughly, has
7 there been any business affiliation or
8 relationship between Scores Holding
9 Company and Scores Entertainment, Inc.?

10 A. Not to my knowledge, no.

11 Q. When was Scores Holding
12 Company first formed?

13 A. It was formed in 2002 -- 2001
14 or 2002.

15 Q. Were you an officer or employee
16 of Scores Holding Company at the time of
17 its formation?

18 A. No, sir.

19 Q. Sorry?

20 A. No, sir.

21 Q. When did you first start
22 working for Scores Holding Company?

23 A. August 2005.

24 Q. Prior to that did you have any
25 dealings with the company or businesses?

1 SMITH

2 A. No, sir.

3 Q. Where did you work prior to
4 August 2005?

5 A. I worked for Cornick Garber
6 Sandler, public accounting firm.

7 Q. You mentioned earlier someone
8 by the name of Elliot Osher, do you recall
9 that?

10 A. Yes.

11 Q. What is Mr. Osher's current
12 relationship, if any, with Scores Holding
13 Company?

14 A. He is a shareholder.

15 Q. Do you know what his interest
16 in Scores Holding Company is at the
17 present?

18 A. Last I recall, he was an 8.8
19 percent.

20 Q. Do you know if Mr. Osher is a
21 shareholder of Go West Entertainment?

22 A. I believe he is.

23 Q. What is the basis of your
24 knowledge?

25 A. Just through inquiry.

SMITH

Q. Have you met Mr. Osher?

A. Yes, sir.

Q. How frequently do you interact with Mr. Osher?

A. Not often.

Q. Are you aware of any other shareholders of Go West Entertainment?

A. No.

Q. Do you know whether Mr. Goldring is an officer of that company?

A. I am not really sure.

Q. Do you know whether or not Mr. Goldring is an officer or shareholder of Scores Entertainment, Inc.?

A. No.

Q. Are you familiar with a Scores club operated in the City of New York?

A. Yes.

Q. What is the basis of your knowledge?

A. They are sublicensees of EMS and they pay a royalty to EMS and EMS pays a royalty to Scores Holding Company.

SMITH

Q. What is EMS?

A. Entertainment Management Services, Inc..

Q. Who are the shareholders of EMS?

A. Richard Goldring, Elliot Osher and Harvey Osher.

Q. Do you know what their respective ownership interest of EMS are?

A. No, sir.

Q. Do you have any relationship with with Entertainment Management Services at the present?

A. Me personally?

Q. Yes, you personally.

A. No, sir.

Q. Do you know who the officers of Entertainment Management Services are?

A. No, sir.

Q. Do you know who the stockholders of that company are?

A. Elliot Osher, Harvey Osher and Richard Goldring.

Q. You just testified that there

1 SMITH

2 is a licensing agreement between Go West
3 Entertainment and Entertainment Management
4 Services, is that correct?

5 A. Yes, sir.

6 Q. What is the basis of your
7 knowledge?

8 A. I have a copy of the sublicense
9 agreement.

10 Q. Do you know whether payments
11 are made between those two entities?

12 A. Can you repeat the question.

13 Q. Do you know whether there are
14 payments made between those two entities?

15 A. Yes, sir.

16 Q. What is the basis of your
17 knowledge?

18 A. I see payment from them on a
19 monthly basis.

20 Q. Do you know how much money is
21 paid on a periodic basis between the two
22 companies?

23 A. I would have to check my books
24 and records, I don't know offhand.

25 Q. Do you know where those books

1 SMITH

2 and records are located?

3 A. West 27th Street office.

4 Q. Which office is that?

5 A. Scores Holding Company, Inc.

6 Q. Do you know where Entertainment
7 Management Services' office is located?

8 A. I recall it being on West 27th
9 Street.

10 Q. Have you been there?

11 A. We share office space.

12 Q. It is one and the same with
13 Scores Holding Company?

14 A. No, we have an office and
15 Entertainment Management Services has
16 another office within the office.

17 Q. What is the physical proximity
18 between the office maintained by Scores
19 Holding Company and the office maintained
20 by Entertainment Management Services?

21 A. Scores Holding Company -- I
22 don't know what the proximity is with EMS,
23 but we operate maybe 1,200 square feet of
24 the space.

25 Q. Within this office you have an

1 SMITH

2 Q. Who in particular at Cozen
3 O'Connor handles this matter for your
4 company --

5 A. Well, there really --

6 Q. You may anticipate the answer
7 to my question, but it is important for
8 the court reporter to record what I'm
9 saying so that we have a clean record, so
10 if you could just hold off in answering
11 until after I finish.

12 You were saying?

13 A. It really wasn't a settlement
14 between the holding company and SEI
15 exclusively; I think it was a joint
16 settlement with the holding company and
17 other parties, I believe, Go West and 333
18 and I think Richard Gorman and some
19 individuals, so it may have been a
20 settlement that was probably settled
21 through their attorney, through their
22 counsel, on behalf of Scores Holding
23 Company, which named them party to that
24 agreement.

25 Q. You just mentioned an entity

1 SMITH

2 333 East 60th Street, Inc., do you recall
3 that?

4 A. Yes, sir.

5 Q. Can you tell me what that is.

6 A. That is a club operated on East
7 60th Street which has a sublicense with
8 EMS.

9 Q. At present, do you know who the
10 corporate officers of 333 East 60th Street
11 Incorporated are?

12 A. I don't know.

13 Q. Do you know who works or is
14 employed by that company?

15 A. What do you mean?

16 Q. I want to know if you know 333
17 East 60th Street Incorporated employs
18 anyone.

19 A. It is a club that operates, it
20 probably employs individuals, yes.

21 Q. Do you know who they are?

22 A. I do not.

23 Q. Do you know whether
24 Mr. Goldring has any association with 333
25 East 60th Street, Inc., at the present?

SMITH

A. I believe Mr. Goldring is a shareholder.

Q. What is the basis of your knowledge?

A. Direct inquiry.

Q. Do you interact with Mr. Goldring from time to time?

A. No, sir.

Q. Have you met Mr. Goldring?

A. I have.

Q. When was that?

A. The last I met him?

Q. Yes.

A. The last I spoke with him?

Q. Yes.

A. I don't recall the last I spoke with Mr. Goldring.

Q. Was it this year?

A. Yes.

Q. How frequently do you interact with Mr. Goldring?

A. We do not interact with Mr. Goldring quite often.

Q. Why is that?

1 SMITH

2 A. Mr. Goldring at the present
3 time had to divest himself from any public
4 dealing with Scores Holding Company, Inc.,
5 pursuant to a plea agreement with the D.A.

6 Q. But nonetheless Mr. Goldring is
7 a 46 percent shareholder of Scores Holding
8 Company?

9 A. Yes, sir.

10 Q. And he is also a shareholder of
11 Go West Entertainment, is that correct?

12 A. Yes, sir.

13 Q. And also a shareholder of 333
14 East 60th Street, Inc., correct?

15 A. Yes, sir.

16 Q. Aside from Mr. Goldring, are
17 there any other shareholders of 333 East
18 60th Street, Inc.?

19 A. I believe it is Elliot Osher.

20 Q. Is Mr. Osher also a shareholder
21 of Go West Entertainment, Inc.?

22 A. Yes, sir.

23 Q. And that's also true of
24 Mr. Osher, he is also a shareholder of
25 Scores Holding Company?

1 SMITH

2 A. Yes, sir.

3 Q. Are you familiar with the
4 management structure of Go West
5 Entertainment, Inc., at the present?

6 A. No, sir.

7 Q. Do you know whether
8 Mr. Goldring has any active role in the
9 running of Go West Entertainment, Inc.?

10 A. No, sir.

11 Q. Do you know what the principal
12 asset of Go West Entertainment, Inc., is?

13 A. No, sir.

14 Q. Are you familiar with the
15 Scores strip club in New York City?

16 A. I know it is a sublicensee of
17 EMS; I don't get too involved with the
18 operations of the club.

19 Q. Do you know whether Go West
20 Entertainment runs the strip club in New
21 York?

22 A. Yes.

23 Q. You do know that?

24 A. Yes.

25 Q. Have you been to the Go West

1 SMITH

2 which is a trademark wholly-owned by
3 Scores Holding Company, for the usage of
4 that trademark to be used for adult
5 entertainment establishment purposes and
6 for merchandising exclusively.

7 Q. Is there a document that
8 describes that business arrangement?

9 A. Yes, that's on the master
10 license agreement.

11 Q. Do you have a copy of the
12 master license agreement?

13 A. No, I don't.

14 Q. Does that document exist in
15 Scores Holding Company's business records?

16 A. It is in our public filings,
17 yes.

18 Q. Generally speaking, what are
19 the terms of the master license agreement?

20 A. To my understanding, it is for
21 20 years and I think for ten consecutive
22 20-year periods thereafter.

23 I believe it may have been six
24 years and -- something like that, that's
25 what I recall to my understanding.

1 SMITH

2 I don't know exactly what it
3 is, but I know it has got consecutive
4 20-year period after the first six years.

5 Q. You testified earlier that
6 Mr. Goldring was a shareholder of
7 Entertainment Management Services, is that
8 correct?

9 A. Yes, sir.

10 Q. I don't recall, are there any
11 other shareholders of Entertainment
12 Management Services, to your knowledge?

13 A. Richard Goldring, Elliot Osher
14 and Harvey Osher.

15 Q. Were you an officer of Scores
16 Holding Company at the time that the
17 master license agreement you just
18 described between Scores Holding Company
19 and Entertainment Management Services was
20 executed?

21 A. No, sir.

22 Q. Who was the CEO at the time
23 that the master license agreement between
24 Scores Holding Company and Entertainment
25 Management Serviceses was executed?

1 SMITH

2 A. As I recall, it may have been
3 Mr. Richard Goldring.

4 Q. So at the time the master
5 license agreement in place between Scores
6 Holding Company was executed, Mr. Goldring
7 was both the CEO of Scores Holding Company
8 and also a shareholder of Entertainment
9 Management Services, correct?

10 A. Yes, sir.

11 Q. Do you know when that master
12 license agreement was first executed, the
13 date, between Scores Holding Company and
14 Entertainment Management Services?

15 A. I believe it was in 2003,
16 March.

17 Q. What is the basis of your
18 knowledge?

19 A. Examining the document.

20 Q. At the time in March of 2003,
21 are you aware of Mr. Goldring's interest
22 in Scores Holding Company?

23 A. No -- say that again, sir.

24 Q. At the time in March 2003, do
25 you know what Mr. Goldring's ownership

1 SMITH

2 Q. How long have you been the CEO
3 of Scores Holding Company?

4 A. I am the acting CEO.

5 Q. Who was the actual CEO of
6 Scores Holding Company?

7 A. Alex Amoriello.

8 Q. For what period of time was
9 that?

10 A. Alex was the CEO from March of
11 '07 through maybe June of '07.

12 Q. Is there a reason that he is no
13 longer the CEO of Scores Holding Company?

14 A. He had resigned, he had taken
15 on a different endeavor.

16 Q. How many hours a week do you
17 spend working for Scores Holding Company?

18 A. It varies.

19 Q. Can you give me an estimate.

20 A. Maybe 30 hours.

21 Q. Is that on a week-by-week
22 basis?

23 A. On average I can spend anywhere
24 between 20 and 30 hours a week.

25 Q. Are there any employees of

SMITH

Scores Holding Company at the present?

A. One.

Q. Who is that?

A. Myself.

Q. Who hired you at Scores Holding Company?

A. I was hired by Mr. Goldring.

Q. When was that?

A. August of 2005.

Q. At the time did you obtain an employment agreement of some sort?

A. I have a consulting agreement with Scores Holding Company.

Q. Where is the consulting agreement at the present?

A. It is in our West 27th Street location.

Q. Generally what are the terms of the consulting agreement between you and Scores Holding Company?

A. It was initially for one year and then it renewed in September of '06, I came in as a controller, I came in as the controller in August of '05 and in

SMITH

September of '06 a new agreement where I am the CFO.

Q. Can you tell me who the CEO of Scores Holding Company was as of January 12, 2007.

A. The CEO as of January 12th was Mr. Richard Goldring.

Q. Who was the president of Scores Holding Company on that same date, January 12, 2007?

A. Richard Goldring.

Q. How much are you paid by Scores Holding Company at the present?

A. Annually, 60,000.

Q. To your knowledge, does Entertainment Management Services, Inc., have employees working for the company?

A. I don't know.

Q. You testified earlier that Entertainment Management Services has an office physically located in the same office suite that you reside as the current acting CEO of Scores Holding Company.

1 SMITH

2 Do you recall that testimony?

3 A. Yes, sir.

4 Q. Have you had occasion to walk
5 over to their office and see if anyone is
6 physically working for Entertainment
7 Management Services?

8 A. No, sir.

9 Q. You earlier testified that the
10 office you're in is 1,200 square feet, is
11 that right?

12 A. Scores Holding.

13 Q. How many square feet does
14 Entertainment Management Services occupy
15 at the present?

16 A. Entertainment Management
17 Services does not share office space with
18 Scores Holding Company; Scores Holding
19 Company operates approximately 1,200, I am
20 estimating, square feet of space;
21 Entertainment Management Services, I do
22 not know who, what, where, and when,
23 personnel represents Entertainment
24 Management Services; we share in overhead
25 space, kitchen, conference room, but I

1 SMITH

2 know that Scores Holding Company has two
3 physical offices within the West 27th
4 Street location that I can identify as
5 Scores Holding Company.

6 Q. How do you identify those two
7 or three offices of Scores Holding
8 Company?

9 A. One is for myself, the other is
10 room for a consultant who handles some
11 Internet work, some merchandising on a
12 part-time basis as a consultant, and the
13 other is a print room.

14 Q. I am a little confused, let me
15 try this again.

16 Where are the physical offices
17 of Entertainment Management Services?

18 A. West 27th Street location.

19 Q. Is that the same business
20 address as Scores Holding Company?

21 A. Yes, sir.

22 Q. But you're not aware of who
23 works within the offices of Entertainment
24 Management Services?

25 A. No, sir.

1 SMITH

2 encountered any employee of Entertainment
3 Management Services during your time at
4 Scores Holding Company?

5 A. At that location, no.

6 Q. At any location?

7 A. No.

8 Q. Do you interact with a
9 representative of Entertainment Management
10 Services at any point?

11 A. Sometimes, you know, I speak
12 with Mr. John Neilson, but I don't know if
13 he is acting on behalf of Entertainment
14 Management Services, but I know he is the
15 one who orchestrates the sublicense
16 agreements between EMS and the
17 sublicensees and usually I consult to
18 Mr. Neilson in terms of payment for
19 royalties.

20 But Mr. Neilson is not always
21 physically located in the office, he is in
22 Florida and sometimes he is in New York.

23 Q. Does Scores Holding Company
24 receive payments from Entertainment
25 Management Services?

1 SMITH

2 A. Yes, sir.

3 Q. How often?

4 A. Monthly.

5 Q. Who signs the checks that are
6 issued by Entertainment Management
7 Services made payable to Scores Holding
8 Company?

9 A. Richard Goldring.

10 Q. Is Mr. Goldring also a
11 signatory on business bank accounts
12 maintained by Scores Holding Company?

13 A. No, sir.

14 Q. Has Scores Holding Company
15 issued checks to Mr. Goldring from time to
16 time?

17 A. During what period?

18 Q. At any point.

19 A. Yes.

20 Q. Can you describe those
21 payments, please.

22 A. Payments for salary.

23 Q. Mr. Goldring is a salaried
24 employee of Scores Holding Company?

25 A. Not at the present moment.

1 SMITH

2 Q. When was the last time
3 Mr. Goldring was an employee of Scores
4 Holding Company?

5 A. Mr. Goldring resigned on
6 February 28, 2007.

7 Q. Prior to that time was
8 Mr. Goldring an employee of Scores Holding
9 Company?

10 A. Yes, sir.

11 Q. For what period of time was
12 that?

13 A. Mr. Goldring had an employment
14 agreement from I believe it was 2003 up
15 until the point he resigned, March of '03.

16 Q. During that time frame, how
17 much was Mr. Goldring paid as an employee
18 of Scores Holding Company?

19 A. He was paid approximately
20 \$104,000.

21 Q. For that can you describe
22 Mr. Goldring's services that he provided
23 for Scores Holding Company?

24 A. He was president of the
25 company.

1 SMITH

2 Q. Other than having a corporate
3 officer title, did Mr. Goldring perform
4 any day-to-day duties for Scores Holding
5 Company?

6 A. No, sir.

7 Q. Why was Mr. Goldring paid a
8 salary for a corporate officer title only?

9 A. He was paid as the president of
10 the holding company.

11 Q. As the president of the holding
12 company, did he have any duties and
13 responsibilities to the shareholders of
14 Scores Holding Company?

15 A. As CEO and president, yes.

16 Q. Can you describe generally his
17 duties and functions as the president of
18 Scores Holding Company during the time
19 period that he was employed by that
20 company, Scores Holding Company?

21 A. I guess he acted as a fiduciary
22 of the public company, to insure he would
23 get into contracts, I believe he got into
24 a contract with EMS, he would bind the
25 company in a capacity that would seem

1 SMITH

2 Under the master license agreement, we
3 granted EMS, which is 50 percent owned by
4 Richard Goldring, our former chief
5 executive officer and director, an
6 exclusive worldwide license to use and
7 grant sublicenses to use our Scores
8 trademark. EMS has entered into
9 sublicense agreements with eight cabaret
10 clubs, seven of which are currently
11 operated under the Scores trademark."

12 Do you see that reference?

13 A. Yes, sir.

14 Q. Were you an officer of Scores
15 Holding Company at the time that Scores
16 Holding Company negotiated the master
17 license agreement referenced here?

18 A. No, sir.

19 The original master license
20 agreement?

21 Q. I am asking about the amended
22 and restated master license agreement.

23 A. Yes, the restated master
24 license agreement, yes.

25 Q. Who did you negotiate with, who

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1 SMITH

2 was representing EMS at that time?

3 A. Mr. Goldring.

4 Q. Did Mr. Goldring have counsel?

5 A. Yes, sir.

6 Q. Who was that?

7 A. Steve Gutstein.

8 Q. Who is Mr. Gutstein?

9 A. Mr. Goldring's counsel.

10 Q. Do you know which firm he is
11 with?

12 A. No, sir.

13 Q. Did Scores Holding Company have
14 counsel at the time that the amended and
15 restated master license agreement
16 referenced in the SEC filing before you,
17 Plaintiffs' Exhibit 2, was there counsel
18 present as well?

19 A. Yes, sir.

20 Q. Who was that?

21 A. Gotbetter & Partners.

22 Q. Generally can you describe the
23 nature of the negotiation between Scores
24 Holding Company and EMS on or about
25 November 13, 2006, that led to the

1 SMITH

2 execution of an amended and restated
3 master license agreement.

4 A. Yes.

5 Mr. Goldring, who was the
6 president and CEO of Scores Holding
7 Company at the time, and was a shareholder
8 of EMS, we were collecting -- the holding
9 company was collecting from EMS a hundred
10 percent of the royalties; pursuant to the
11 original master license agreement, it read
12 that EMS was to retain 50 percent and the
13 holding company was to receive 50 percent.

14 EMS had forwarded all of its
15 royalties over to the holding company and
16 the reason as such is because -- the
17 reason that the restatement came about is
18 due to Mr. Goldring having two controlling
19 positions in the holding company and in
20 EMS.

21 We said for so long as you have
22 a position as president, CEO, or any type
23 of officer in the holding company, and you
24 have assumed a role in EMS, we were going
25 to continue to retain the 100 percent of

1 SMITH

2 the royalties, including -- in addition
3 to that, because Mr. Goldring had received
4 a salary from Scores Holding Company, it
5 would appear that he was double-dipping.

6 Once Mr. Goldring resigned,
7 that is at the point when EMS started to
8 retain his 50 percent, once Mr. Goldring
9 resigned from Scores Holding Company, EMS
10 then therefore retained his 50 percent, he
11 no longer took a salary in Scores Holding,
12 he kept his 50 percent retainage in EMS
13 and that's what the nature of the
14 restatement is.

15 Q. Would you describe the
16 negotiation between Scores Holding Company
17 and Entertainment Management Services on
18 or about November 13, 2006, as an arm's
19 length negotiation?

20 A. Can you repeat that.

21 (Record read.)

22 A. Yes.

23 Q. Yes?

24 A. I believe it was an arm's
25 length negotiation.

1 SMITH

2 Q. Isn't it also true at the time
3 in November 2006 Mr. Goldring was the
4 majority shareholder of both Scores
5 Holding Company and Entertainment
6 Management Services?

7 A. He is -- I don't know what --
8 it says he was 50 percent here in EMS, so
9 I don't know if that's the majority.

10 I believe he is equal, but he
11 was the majority in Scores Holding
12 Company.

13 Q. Notwithstanding that fact, you
14 considered the negotiation between these
15 two entities to be an arm's length
16 transaction?

17 A. Sure.

18 Q. You do?

19 A. Sure.

20 Q. Are you a certified public
21 accountant?

22 A. Yes, sir.

23 Q. Are you familiar with the GAAP
24 rules on accounting?

25 A. Yes, sir.

SMITH

Holding Company?

A. As majority shareholder.

Q. Has he received a check?

A. No, sir.

Q. Does he receive any form of payment from any of the entities we have been talking about today, either Scores Holding Company, Entertainment Management Services or the sublicensees, Go West or Go East or Go West Entertainment or 333 East 60th Street, Inc.?

A. All I know, he does not get paid from Scores Holding Company.

Q. When is the last time Scores Holding Company made a payment to Mr. Goldring?

A. I believe it was in February of 2007.

Q. How was that payment physically delivered to Mr. Goldring?

A. Could have been wired or physical check.

Q. It Mr. Goldring pick up the check or was it delivered by mail or some

1 SMITH

2 other means of service?

3 A. It could have been a wire or it
4 could have been picked up.

5 Q. Do you know where Mr. Goldring
6 resides at the present?

7 A. No, sir.

8 Q. Do you know if he resides
9 within the City of New York?

10 A. I don't know.

11 Q. Does Scores Holding Company owe
12 Mr. Goldring any money at the present?

13 A. Scores Holding Company,
14 pursuant to Mr. Goldring's employment
15 agreement, is indebted to Mr. Goldring for
16 a million dollars.

17 MR. KLEIN: I call for the
18 production of any documents that relate to
19 Mr. Goldring that are maintained by Scores
20 Holding Company.

21 Q. Are there annual or periodic
22 shareholders meetings of Scores Holding
23 Company?

24 A. Yes, sir.

25 Q. When was the last such meeting?

1 SMITH

2 A. January.

3 Q. Did Mr. Goldring attend that
4 meeting?

5 A. No, sir.

6 Q. Do you anticipate having
7 another shareholder meeting of Scores
8 Holding Company?

9 A. We do anticipate, I am not sure
10 as to when.

11 Q. Do you expect Mr. Goldring to
12 attend that meeting?

13 A. I don't expect him to attend; I
14 am not sure what Mr. Goldring is going to
15 do.

16 Q. Does Mr. Goldring have any
17 input into the operations of Scores
18 Holding Company at the present?

19 A. No, sir.

20 Q. Why did Mr. Goldring resign as
21 an employee of Scores Holding Company?

22 A. He had to resign pursuant to
23 the D.A.'s office, he was asked to resign.

24 Q. Do you know why he was asked to
25 resign?

1 SMITH

2 Q. Do you know what the corporate
3 entity that operates Scores Miami is?

4 A. No, Mr. Goldring has an
5 interest, he is a shareholder, I don't
6 know what his interest is.

7 Q. Mr. Goldring has an ownership
8 interest in Scores Miami?

9 A. Yes, sir.

10 Q. Does EMS or Scores Holding
11 Company receive payments directly from
12 Scores Miami?

13 A. No.

14 Q. Item 5 of Plaintiffs' Exhibit 2
15 for identification, "According to the
16 master license agreement, Scores Holding
17 Company, the Company, is entitled to
18 receive 100 percent of the royalties that
19 EMS receives from these affiliated
20 companies."

21 Do you see that reference?

22 A. Yes.

23 Q. That would mean any payment
24 received in the form of a royalty from
25 Scores Miami would flow directly to Scores

1 SMITH

2 Holding Company at the present, is that a
3 fair statement?

4 A. It would flow through EMS to
5 the holding company, yes.

6 Q. Who at EMS would receive the
7 royalties payments from Scores Miami and
8 other affiliated clubs?

9 A. I guess Mr. Goldring.

10 Q. Do you know that to be the
11 case.

12 A. I am not sure.

13 Q. Are royalty checks made payable
14 to Scores Holding Company by EMS?

15 A. Yes, sir.

16 Q. And who is the signatory on
17 those payments?

18 A. Mr. Goldring.

19 Q. Are you familiar with any other
20 affiliated clubs referenced in Plaintiffs'
21 Exhibit 2 other than the ones you just
22 testified, Scores East, Scores West and
23 now Scores Miami?

24 A. No, sir.

25 Q. Note that there is a reference

1 SMITH

2 to eight cabaret clubs, seven of which
3 currently operate the Scores trademark; do
4 you see that reference, item 5, last
5 sentence --

6 A. Yes, sir.

7 Q. You are not familiar with the
8 other four clubs that have the word Scores
9 or use the trademark of Scores?

10 A. I am.

11 Q. What are those?

12 A. Las Vegas, Chicago, Baltimore,
13 and New Orleans.

14 Q. Do you know whether Mr.
15 Goldring has any ownership interest in the
16 clubs you just identified using the Scores
17 name operated and located in Las Vegas,
18 Chicago, Baltimore and New Orleans?

19 A. He doesn't have any interest in
20 those clubs, to my understanding.

21 Q. Is it a fair statement Mr.
22 Goldring is a shareholder of clubs
23 operated using the Scores trademark in Las
24 Vegas, is that true?

25 A. No.

1 SMITH

2 Q. It is not?

3 A. No.

4 Q. Do you know if that's true for
5 Chicago?

6 A. He does not own or have any
7 interest in any of those clubs I just
8 mentioned, the four, New Orleans, Chicago,
9 Baltimore or Las Vegas.

10 Q. Do you know who the
11 shareholders or owners of the entities
12 using the Scores trademark in those four
13 cities, Las Vegas, Chicago, Baltimore and
14 New Orleans?

15 A. Yes.

16 Q. Who are they?

17 A. One is Dennis Degori for
18 Chicago and Las Vegas; Brian Shulman for
19 Baltimore; and Guy Olano for New Orleans.

20 Q. Does Mr. Degori have any
21 interest in Scores Holding Company, to
22 your knowledge?

23 A. No, sir.

24 Q. Does Mr. Degori have any
25 ownership interest in Entertainment

1 SMITH

2 Management Services, to your knowledge?

3 A. No, sir.

4 Q. Is that also true for
5 Mr. Shulman and Olano?

6 A. They have no interest in Scores
7 Holding Company.

8 I am not sure about
9 Entertainment Management Services.

10 Q. There is a reference to the
11 Scores trademark.

12 Can you describe generally what
13 the Scores trademark is.

14 A. Where is that reference?

15 Q. Item 5 on Plaintiffs' Exhibit
16 2, the document we have been reading.

17 (Witness perusing document.)

18 A. We have many trademarks,
19 trademarks for key chains, hats,
20 merchandise, diamond dollar program and
21 the Scores name itself.

22 Q. Who are the owners of those
23 various trademarks?

24 A. Scores Holding Company.

25 Q. Is there a document that

1 SMITH

2 memorializes that ownership interest in
3 the various trademark items that you just
4 referenced?

5 A. Yes, sir.

6 Q. What is that document?

7 A. I am not sure what the name is,
8 but it is patent documents that we have
9 filed in different countries.

10 Q. Does Scores Holding Company
11 maintain records of the various trademarks
12 and patents it owns at the present?

13 A. Yes, sir.

14 Q. Where would that physically be
15 located?

16 A. West 27th Street location.

17 MR. KLEIN: I call for the
18 production of those documents.

19 MR. CAPOBIANCO: Let me just
20 state for the record, please put it in a
21 request.

22 MR. KLEIN: I will do that.

23 Q. Has Scores Holding Company
24 obtained any kind of appraisal on the
25 various trademarks and patents it holds at

1 SMITH

2 the present?

3 A. No, sir, not to my
4 understanding.

5 Q. Do you have any sense of the
6 fair market value of the trademarks and
7 patents?

8 A. No.

9 Q. I would like to go back; there
10 is a reference to Scores East and Scores
11 West, again item 5, do you see that
12 reference?

13 A. Yes.

14 Q. Are those former corporate
15 names or some other description of the
16 clubs operated by Scores?

17 A. Say that again.

18 Q. Do you know whether Go West
19 Entertainment, Inc., operates Scores club
20 using the word Scores East or Scores West?

21 A. It could also be known as
22 Scores West, Go West Entertainment.

23 Q. To your knowledge, Go West
24 Entertainment, Inc., is synonymous with an
25 alternate name for Scores West?

SMITH

A. No.

Q. I would like to direct your attention to the balance sheet, page 5 in of Plaintiffs' Exhibit 2.

Do you see this reference?

A. Yes, sir.

Q. At the bottom there is a reference to stockholders equity, do you see that?

A. Yes.

Q. There is something called additional paid-in capital, 5.999 million, do you see that?

A. Yes.

Q. What is that?

A. We had an antidilution clause in the holding company whereas any stock that was issued to any individual, Mr. Goldring and the Oshers would retain a percentage in the company of 46 percent, 8 and 8, Mr. Goldring, Mr. Osher Elliot and Mr. William Osher would retain a percentage.

So if we issued some stock for

1 SMITH

2 services or we issued some stock for -- I
3 guess for legal services, for example,
4 that stock issued would be utilized --
5 Mr. Goldring, Mr. Elliot Osher and
6 Mr. Billy Osher would receive the
7 equivalent amount of stock issued to
8 retain their percentages in the company.

9 Q. Since the inception of Scores
10 Holding Company, how much money has Mr.
11 Goldring and the two Mr. Oshers you just
12 referenced been paid?

13 A. Sorry?

14 (Record read.)

15 A. I am not really sure.

16 Q. Are there documents that would
17 provide that information?

18 A. Payroll records.

19 Q. Where are those payroll records
20 physically maintained?

21 A. West 27th Street location.

22 MR. KLEIN: I will formalize in
23 writing, but I call for that information
24 or those documents to be produced.

25 Q. Other than the payments that

1 SMITH

2 you just described to Mr. Goldring and the
3 two Oshers, were any dividends issued by
4 Scores Holding Company to the shareholders
5 of the company?

6 A. No, sir, not to my
7 understanding.

8 Q. Any other special payments made
9 to the shareholders of Scores Holding
10 Company, to your knowledge?

11 A. No, sir.

12 Q. Did Mr. Goldring or any other
13 shareholders loan money to Scores Holding
14 Company?

15 A. I am not sure.

16 Q. You don't know?

17 A. No.

18 Q. Could you take a look and see
19 if such a loan --

20 A. I am not sure as to -- from my
21 tenure with the company, no.

22 Q. To your knowledge, does the
23 license agreement entered into by Scores
24 Holding Company and Entertainment
25 Management Services provide for any

1 SMITH

2 A. Mr. Goldring was the president
3 and CEO at the time, he was acting on
4 behalf of Scores Holding.

5 Mr. Goldring failed to
6 communicate that to me, but he is the
7 president and CEO; once him and I spoke --
8 when I say we had no idea, I didn't have
9 an idea, but the president and CEO of the
10 company was clear on what the position
11 was.

12 So when we filed our K, he had
13 brought it to my attention and brought it
14 to our attorney's attention that a
15 settlement was going on with the holding
16 company.

17 Q. Does Scores Holding Company
18 maintain a list of its current
19 shareholders?

20 A. Yes, sir.

21 Q. Where is that physically
22 maintained?

23 A. With our stock transfer agent.

24 Q. Who is that?

25 A. Atlas Stock Transfer.

1 SMITH

2 Q. Where are they located?

3 A. They are located in Utah.

4 Q. Do you have access to that
5 information?

6 A. Absolutely.

7 Q. Do you have a copy in your
8 office of the names of the shareholders
9 and shareholder interests in Scores
10 Holding Company?

11 A. How current?

12 Q. Sorry?

13 A. I have a copy, but I don't know
14 how current it is.

15 MR. KLEIN: I call for
16 production and I will memorialize it in
17 writing.

18 Q. I assume it is a thinly traded
19 corporation?

20 A. What do you mean by thinly?

21 Q. Are there many changes in the
22 ownership interest of the shareholders of
23 Scores Holding Company?

24 A. Depends.

25 Q. What does it depends on?

1 SMITH

2 A. You know, we no longer have the
3 antidilution clause, so we had a lot of
4 changes at that time, but now that that
5 has been terminated, we don't have that
6 much volume in the stock.

7 Q. Do you know if Scores Holding
8 Company maintains copies of sublicense
9 agreements entered into by Scores
10 Entertainment, Inc., and sublicensees that
11 operate Scores clubs?

12 A. Scores Holding Company does not
13 have copies of any agreements with any
14 sublicensees in Scores Entertainment, Inc.

15 Q. Is there any document that
16 describes an oversight role by Scores
17 Holding Company on Scores Entertainment,
18 Inc., other than a master license
19 agreement?

20 A. You keep referring to Scores
21 Entertainment; are you sure you're saying
22 Scores Entertainment or EMS.

23 Q. I keep doing that.
24 What I want to know is aside
25 from a master license agreement between

1 SMITH

2 understanding there aren't any other,
3 other than what is between EMS and Scores
4 Holding Company, that is the master, it is
5 called master for that reason, that is the
6 agreement.

7 Q. If a sublicensee of
8 Entertainment Management Services wanted
9 to use the club to open a cattle range,
10 would that be okay?

11 A. I am not really sure which
12 direction you're going with that question,
13 sir.

14 Scores Holding Company would
15 not have any involvement in whether a
16 cattle ranch would be open as a Scores,
17 but if that was -- if it had the proper
18 zoning and fit all the requirements to
19 operate as Scores, meaning you satisfy --
20 you have the proper liquor license, you
21 have the square footage and you have the
22 proper zoning, I don't see why it should
23 be a problem.

24 MR. KLEIN: Mark that as
25 Plaintiffs' Exhibit 3.

1 SMITH

2 (Plaintiffs' Exhibit 3, payroll
3 check, was marked for identification, as
4 of this date.)

5 Q. Mr. Smith, I am handing you
6 what's been marked as Plaintiffs' Exhibit
7 3 for identification, it is a one-page
8 document that is a payroll check.

9 Do you recognize this document?

10 (Witness perusing document.)

11 A. No, sir.

12 Q. On the top it says Go West
13 Entertainment; you're familiar generally
14 with that corporate entity?

15 A. Yes, sir.

16 Q. On the bottom right do you see
17 there is a check signed by a person; do
18 you recognize the signature?

19 A. Yes, sir.

20 Q. Who is it?

21 A. It appears to be Richard
22 Goldring.

23 Q. Same Richard Goldring we have
24 heard testimony about today?

25 A. Yes, sir.

1 SMITH

2 Q. You can put that to the side.

3 (Witness complying.)

4 Q. Are you familiar with a Scores
5 club located in Lake Geneva, Wisconsin?

6 A. Yes, sir.

7 Q. What is that?

8 A. It is an operation that's
9 independently owned, which is sublicensed
10 under the EMS agreement to operate as a
11 Scores.

12 Q. Do you know who the
13 shareholders of Lake Geneva Entertainment,
14 Inc., d/b/a Sugar Schack?

15 A. I do not know who the
16 shareholders are.

17 MR. KLEIN: Let's take a break.

18 (Recess taken.)

19 BY MR. KLEIN:

20 Q. I am going to show you what's
21 been marked Plaintiffs' Exhibits 4 and 5
22 for identification.

23 (Plaintiffs' Exhibit 4,
24 sublicense agreement, was marked for
25 identification, as of this date.)

1 SMITH

2 Licensing Corporation?

3 A. Scores Licensing Corporation is
4 inactive, it just holds the trademarks for
5 the diamond dollar program in the Scores
6 name.

7 Q. Do you know whether Scores
8 Licensing Corporation is a corporation
9 incorporated in the State of New York?

10 A. I believe Scores Licensing
11 Company is incorporated in Delaware.

12 Q. Are there periodic reports
13 filed with the State of Delaware
14 memorializing the corporation of Scores
15 Licensing Corporation?

16 A. Tax return.

17 Q. You're guessing or do you know?

18 A. Tax returns, yes.

19 Q. Who signs the tax returns on
20 behalf of Scores Licensing Corporation?

21 A. It is a consolidated return
22 with Scores Holding Company.

23 Q. Do you sign the tax return for
24 both Scores Holding Company and Scores
25 Licensing Corporation?

1 SMITH

2 A. Yes, sir.

3 Q. Turn to the last page of this
4 document, page 7, do you see that
5 reference, there is a signature on behalf
6 of Scores Holding Company and there is a
7 signature, do you see that?

8 A. Yes.

9 Q. Is that Richard Goldring who
10 signed the document before you,
11 Plaintiffs' Exhibit 5 for identification,
12 on behalf of Scores Holding Company?

13 A. Yes, sir.

14 Q. And to the right there is a
15 signature by somebody representing
16 Entertainment Management Services, do you
17 see that?

18 A. Yes, sir.

19 Q. Do you know who that signature
20 belongs to?

21 A. I believe that's William Osher.

22 Q. Who is that?

23 A. At the time William was a 50
24 percent shareholder in EMS.

25 Q. Do you know whether he

1 SMITH

2 currently maintains an ownership interest
3 in EMS?

4 A. He does not.

5 Q. When did that ownership
6 interest terminate?

7 A. I believe it was sometime in
8 the latter part of 2006.

9 Q. Do you know why that
10 affiliation with Entertainment Management
11 Services terminated?

12 A. No.

13 Q. Do you know where Mr. Osher is
14 presently located?

15 A. Mr. Osher is deceased.

16 Q. Do you know who the current
17 officers of Entertainment Management
18 Services are?

19 A. No.

20 Q. I direct your attention to
21 Plaintiffs' Exhibit 4 for identification,
22 the sublicense agreement.

23 Do you recognize this document?

24 A. Yes, sir.

25 Q. Can you generally describe what

SMITH

it is.

A. This is the license agreement that binds independent operators to take on a license to operate as a Scores for EMS, through EMS.

Q. Turning your attention to page 6 of this document, Plaintiffs' Exhibit 4, do you see a signature under Entertainment Management Services on behalf of the company?

A. Yes, sir.

Q. And who is that signature?

A. Looks like Mr. Richard Goldring.

Q. To the right, on behalf of Go West Entertainment, Inc., there is a signature, do you recognize it?

A. Yes, sir.

Q. Who is that?

A. It appears to be Mr. William Osher.

Q. I would like to go back to the master license agreement, Exhibit 5.

There is a reference on page 1

1 SMITH

2 under license grant, it is Paragraph No.
3 1, do you see that reference?

4 A. Yes, sir.

5 Q. It describes the use of Scores'
6 trademark in connection with the business
7 located at 333 East 60th Street, do you
8 see that reference?

9 A. Yes, sir.

10 Q. It describes it as "the
11 original Scores nightclub," do you know
12 what that means?

13 A. The marquise, the model.

14 Q. There are other provisions that
15 describe the payment of royalties,
16 paragraph 2, master license agreement,
17 Exhibit 5, do you see that?

18 A. Yes, sir.

19 Q. Generally can you describe how
20 those royalty payments are made?

21 A. Which royalty payments?

22 Q. It says on page 2, paragraph 2,
23 that the licensee, which appears to be 333
24 East 60th Street, would make payment to
25 EMS?

1 SMITH

2 licenser?

3 MR. CAPOBIANCO: I was fine
4 with page 2, but then when you went to the
5 next page, we have SH 003?

6 MR. KLEIN: Yes.

7 MR. CAPOBIANCO: The next words
8 are "EMS business"?

9 MR. KLEIN: Yes, I didn't
10 finish the sentence.

11 Q. Mr. Smith, let me refer you
12 back to Plaintiffs' Exhibit 5 for
13 identification, the master license
14 agreement between Scores Holding Company
15 and Entertainment Management Services, the
16 document before you, and specifically
17 direct your attention to paragraph 4, page
18 2, 0002.

19 Are you with me so far?

20 A. Yes.

21 Q. There is a bullet under that,
22 do you see that?

23 A. Yes.

24 Q. Can you generally describe what
25 this provision requires of the

1 SMITH

2 sublicensees.

3 A. Yes.

4 This doesn't require any
5 provision of sublicensees.

6 In this particular situation
7 licensee would be EMS and licensor would
8 be Scores Holding Company and it would be
9 that Scores Holding Company and EMS would
10 negotiate as it relates to marketing,
11 advertising and promotion activity, any
12 usage of that so as it preserves the value
13 and goodwill of the trademark Scores
14 itself on how that is being used.

15 Q. There has been prior testimony
16 by you about a restated or revised master
17 license agreement executed sometime in
18 2006.

19 Do you recall that testimony?

20 A. Yes.

21 Q. Does that document physically
22 reside within the offices of Scores
23 Holding Company?

24 A. Yes, sir.

25 MR. KLEIN: I call for the

1 SMITH

2 production.

3 I have nothing further.

4 (Time noted: 11:58 a.m.)

5
6
7
8
9
10
11 _____
12 CURTIS SMITH

13 Subscribed and sworn to before me

14 this day of , 2008.

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C E R T I F I C A T I O N

I, Jineen Pavesi, a Registered Professional Reporter, Registered Merit Reporter, Certified Realtime Reporter and a Notary Public, do hereby certify that the foregoing witness, CURTIS SMITH, was duly sworn on the date indicated, and that the foregoing is a true and accurate transcription of my stenographic notes.

I further certify that I am not employed by nor related to any party to this action.

JINEEN PAVESI, RPR, RMR, CRR